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Message Text

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12
ACTION EB-11

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INFO USDOC WASHDC
AMEMBASSY ROME
AMEMBASSY PARIS

UNCLAS SECTION 1 OF 2 MILAN 0470

E.O. 11652: N/A
TAGS: BEXP IT
SUBJECT: BIDS ON TARGET INDUSTRY RESEARCH - FOOD PROCESSING
AND PACKAGING EQUIPMENT (FPP)

FOR COMMERCE

REF: A-1665, FEBRUARY 28, 1974

1. FOLLOWING FIRMS HAVE SUBMITTED BIDS FOR FPP MARKET RESEARCH (ALL DOLLAR PRICES QUOTED AT LIRE 625 EQUALS $1).

A. JOHN L. BARISONE, BUSINESS CONSULTANT; ITALY; LIRE 2,687,500 ($4,300); 26 INTERVIEWS WITH ENDUSERXNDE AND PROFESSIONAL ASSOCIATIONS, 5 WITH MANUFACTURERS AND IMPORTERS, FOR A TOTAL OF 35; BIDDER STATES HE AND ASSOCIATES ACTIVE IN MR FOR EIGHT YEARS. BIDDER STATES HE FAMILIAR WITH TWO FOOD PROCESSING SECTORS - MEAT PROCESSING AND BREWERY - AS HE WAS ADVISING ON FINANCIAL PLANNING FOR TWO MAJOR ITALIAN COMPANIES. BIDDER ALSO STATES HE RECENTLY INVOLVED IN IN-DEPTH RESEARCH TO DEFINE MARKET FOR A COMPONENT EXTENSIVELY USED IN FOOD PROCESSING. HE STATES HIS ASSOCIATES HAVE BEEN INVOLVED IN FOOD INDUSTRY ANALYSIS IN DOING EXTENSIVE WORK FOR THE CATERING MARKET, THE MINERAL WATER MARKET AND THE GRAIN MILL MARKET.

B) CERPI RICERCA; ITALY ONLY; LIRE 5,000,000 ($8,000); INTERVIEWS WITH MANUFACTURING INDUSTRIES 45, WITH SALES REPRESENTATIVES 10,
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WITH PUBLIC AGENCIES AND ASSOCIATIONS 5, FOR A TOTAL OF 60, PLUS

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10 TELEPHONE CONTACTS AND A MAIL POLING OF 80-100; BIDDER STATES
THAT BY MEANS OF "DATA MARKETING SYSTEM" IT HAS DONE RESEARCH
IN WINE AND OTHER BEVERAGES, DAIRY PRODUCTS, BISCUITS, GRAIN MILL
PRODUCTS, OILS AND MISCELLANEOUS FOOD PRODUCTS. IT STATES IT HAS
ALSO DEVELOPED A PRECISE STUDY OF THE PRESERVED FOOD SECTOR
(FRUIT, VEGETABLE, MEAT, FISH AND SEAFOOD).

C) A.T. KEARNEY S.P.A.; ITALY ONLY; LIRE 3,750,000 ($6,000);
25 INTERVIEWS WITH END USERS, 15 WITH EQUIPMENT MANUFACTURERS/
DISTRIBUTORS, 5 WITH TRADE ASSOCIATIONS AND OTHER KNOWLEDGEABLE
TRADE SOURCES, FOR A TOTAL OF 45. FIRM STATES IT "ONE OF THE
LARGEST CONSULTING FIRMS IN THE WORLD IN ALL ASPECTS OF THE FOOD
INDUSTRY INCLUDING MARKETING, DISTRIBUTION AND PRODUCTION. IN
ITS CONTINUING WORK FOR FOOD COMPANIES IN ITALY SUCH AS BARILLA,
MOTTA, CHIARI & FORTI, MONDA KNORR, MARS, INC. AND CASTLE
& COOKE FOODS, A.F. KEARNEY HAS BEEN INVOLVED IN THE
EVALUATION AND SELECTION OF FOOD PROCESSING AND PACKAGING
EQUIPMENT INCLUDING FILLING EQUIPMENT, LABELLING EQUIPMENT,
CARTONING EQUIPMENT AND THE PALLETIZERS." KEARNEY ALSO STATES
IT HAS "WORKED EXTENSIVELY THROUGHOUT THE WORLD FOR MAJOR
EQUIPMENT MANUFACTURERS SUCH AS FMC, FILPER, ETC."

D) METRA INDUSTRIA; FIRM SUBMITTED THREE SEPARATE BIDS AS FOLLOWS:
I) FOR ALL 16 COUNTRIES, II) FOR FRANCE, ITALY, WEST GERMANY,
UNITED KINGDOM, HOLLAND AND SPAIN AND III) FOR ITALY ONLY. COST
BREAKDOWN IS AS FOLLOWS: 8) ALL 16 COUNTIRES, 35 MILLION LIRE
($56,000), 3 MILLION LIRE ($4,800) FOR CLASS A COUNTRIES AND 2
MILLION LIRE ($3,200) FOR CLASS B COUNTRIES; II) FRANCE, ITALY,
ETC., 15 MILLION LIRE ($24,000), 3 MILLION LIRE (4,800) FOR CLASS
A COUNTRIES AND 2 MILLION LIRE ($3,200) FOR CLASS B COUNTRIES;
III) FOR ITALY ONLY 3.2 MILLION LIRE ($5,120). METRA WILL CONDUCT
40 PERSONAL INTERVIEWS IN CLASS A COUNTRIES BROKEN DOWN AS FOLLOWS:
END-USERS, 25; PRODUCERS AND SALES AGENTS 10, ASSOCIATIONS AND
ORGANIZATIONS 5. IN CLASS B COUNTRIES IT WILL DO 20-30 INTERVIEWS
WITH SOME PROPORTIONAL BREAKDOWN AS TO TYPE OF INTERVIEW MENTIONED
FOR CLASS A COUNTRIES. METRA INDUSTRIA CITES FOLLOWING AS PREVIOUS
STUDIES IN FPP FIELD: SURVEY OF THE ITALIAN PACKAGING MARKET
FOR THE AMERICAN CAN COMPANY; THE ITALIAN, FRENCH AND
GERMAN MARKET FOR SKIN AND BLISTER PACKAGING MACHINES
FOR SNIA VISCOSA. METRA INDUSTRIA S.P.A. IS AN ASSOCIATE
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COMPANY OF THE FRENCH-BASED METRA GROUP. IN ADDITION TO
ITALY, THE GROUP HAS ASSOCIATE COMPANIES IN THE FOLLOWING
COUNTRIES COVERED BY THIS SURVEY: FRANCE, W.GERMANY,
UNITED KINGDOM, NETHERLANDS AND SPAIN. COMMERCE IS
UNDOUBTEDLY FAMILIAR THROUGH REPORTS BY AMEMBASSY, PARIS
OF THE MULTI-COUNTRY CAPABILITIES OF THE METRA GROUP.

E) SOCIETA' ITALIANA PER L'ECONOMIA APPLICATA (SITEA); ITALY;

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3 MILLION LIRE ($4,800); 40 INTERVIEWS DIVIDED AS FOLLOWS:
MEAT, POULTRY AND EGG PROCESSING SECTOR, 2; DAIRY PRODUCTS
MANUFACTURING SECTOR, 3; FRUIT AND VEGETABLE PROCESSING
SECTOR, 3; GRAIN MILL PRODUCTS MANUFACTURING SECTOR, 2; BAKERY
PRODUCTS MANUFACTURING SECTOR, 3; SUGAR AND CONFECTIONERY
PRODUCTS MANUFACTURING SECTOR, 3; FATS AND OILS PROCESSING
SECTOR, 3; BEVERAGES MANUFACTURING SECTOR 4; FISH AND
SEAFOOD PROCESSING SECTOR, 3; MISCELLANEOUS FOOD PRODUCTS
SECTOR, 3; BUSINESS ASSOCIATIONS AND THE LIKE, 5; IMPORTERS OF
FPP EQUIPMENT, 3; GOVERNMENT OFFICIALS, 3. SITEA WAS
ESTABLISHED IN 1973 AND HAS CONDUCTED NO SURVEYS IN
THE FPP EQUIPMENT SECTORS. IT STATES THAT IT IS PROMOTING
A PROGRAM FOR THE DEVELOPMENT OF OUTLET MARKETING TECHNIQUES
IN THE FOOD SECTOR IN COOPERATION WITH JOHN GORDON AND ASSOCIATES,
LONDON. SITEA'S MANAGING DIRECTOR, AND INTENDED SUPERVISOR
FOR THIS STUDY, WAS RESEARCH MANAGER AT CERPI S.P.A. AND
IN THIS CAPACITY COORDINATED RESEARCH IN THE CANNED FOOD SECTOR
FOR THE ITALIAN MINISTRY OF STATE PARTICIPATION.

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INFO OCT-01 EUR-25 ISO-00 DRC-01 RSC-01 /039 W
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R 110845Z APR 74
FM AMCONSUL MILAN
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2. FOLLOWING FIRMS DECLINED TO BID ON THIS PROJECT: BOSTON
CONSULTING GROUP S.P.A.; MAYNARD PRC, S.P.A.; PEAT, MARWICH,
MITCHELL AND CO.; SERVIZIO ITALIA; SCIENCE MANAGEMENT INTERNATIONAL
(SMI); T. TRANCU & ASSOCIATES; YOUNG & RUBICAM ITALIANA, S.P.A.

3. BID DOCUMENTS TRANSMITTED APRIL 5.

4. COMMENTS: COMMERCE WILL NOTE THAT WITH EXCEPTION OF JOHN
BARISONE, ALL BIDS ARE TO A GREATER OR LESSER EXTENT OVER ANTICIP-

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ATED AVERAGES MENTIONED IN A-1665. WE SUSPECT, AND THIS CONFIRMED IN TALKS WITH SOME BIDDERS, THAT THIS DUE TO BOTH SHARPLY RISING INFLATION IN ITALY AND FACT THAT ITALIAN FPP INDUSTRY AND END-USERS WIDELY DISPERSED THROUGHOUT WHOLE PENINSULA, THUS REQUIRING EXTENSIVE AND COSTLY TRAVEL FOR INTERVIEWS.

5. BARISONE IS ESSENTIALLY A ONE MAN OPERATION, ALTHOUGH HE USES BOTH THE SECRETARIAL FACILITIES OF A LARGER MANAGEMENT CONSULTANTS FIRM AND INDEPENDENT RESEARCH ASSOCIATES AS NEEDED (IN THIS CASE HE PROPOSES TO USE TWO SUCH RESEARCHERS). WE HAVE NOT SEEN THE WORK OF THE BARISONE TEAM AS A WHOLE ALTHOUGH WE HAVE EXAMINED SOME OF THW ORK OF THE INDIVIDUAL MEMBERS (UNFORTUNATELY ALL OF IT IN ITALIAN). THE PREPARATION OF THE FINAL REPORT IN ENGLISH WILL UNDOUBTEDLY BE DONE BY BARISONE HIMSELF, WHO, AS COMMERCE IS AWARE (SEE HIS SUBMISSION FOR PCI SURVEY), WORKED FOR CHRYSLER CORPORATION FROM 1960-1970 AND FOR BOOZ ALLEN AND HAMILTON INTERNATIONAL IN 1970-71. BARISONE WILL KNOWN TO SUPERVISION OFFICER WHO SATISFIED HE UNCLASSIFIED

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WOULD DO WORKMANLIKE JOB IF OFFERED CONTRACT.

6. SITEA IS NEW FIRM WHOSE PERSONNEL UNKNOWN TO POST ALTHOUGH ITS MANAGING DIRECTOR HAS HAD CONSIDERABLE EXPERIENCE IN FIELD WHILE WORKING FOR CERPA.

7. ALTHOUGH CREDENTIALS A.T. KEARNEY APPEAR TO SPEAK FOR THEMSELVES AND THEY WOULD UNDOUBTEDLY DO FIRST RATE JOB, THEY APPEAR TOO FAR OVER ANTICIPATED BUDGET TO QUALIFY.

8. ALTHOUGH SAMPLE WORK SUBMITTED BY CERPI IN SUPPORT ITS BID CERTAINLY IMPRESSIVE (BOTH IN ENGLISH AND IN ITALIAN), ITS BID APPEARS TOO FAR OUT OF LINE WITH ANTICIPATED BUDGET TO BE CONSIDERED.

9. ALTHOUGH WE INCLINED DOUBT ADVISEABILITY OF PUTTING ALL 16 EGGS IN ONE BASKET, METRA PROPOSAL FOR EUROPEAN MARKET APPEARS INTERESTING AND ON A PER-COUNTRY BASIS IS ONLY SLIGHTLY OVER ANTICIPATED BUDGET. IT IS, HOWEVER, CONSIDERABLY OVER BUDGET FOR A SINGLE COUNTRY STUDY. ALTHOUGH WE GENERALLY IMPRESSED WITH METRA INDUSTRIA S.P.A. AND ASSUME QUALITY WOULD BE ON MORE OR LESS THE SAME LEVEL THROUGHOUT GROUP, WE UNABLE MAKE DEFINITE STATEMENT THIS FACT AND MUST LEAVE OVERALL ASSESSMENT TO COMMERCE.

1. IN VIEW OF LOW BID PRICE AND OUR SATISFACTION HE CAN DO JOB, WE RECOMMEND AWARD TO BARISONE IF STUDY TO BE AWARDED ON SINGLE COUNTRY BASIS. IF AWARD IS TO BE MADE ON MULTI-COUNTRY BASIS,WE RECOMMEND AWARD TO METRA, PROVIDED, OF COURSE, COMMERCE SATISFIED WITH FIRM'S OVERALL ABILITY.

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11. IN VIEW CLOSENESS OF APRIL 24 AWARD DATE, POUCHING DELAYS, EASTER HOLIDAYS, STAFF SHORTAGES AND COMPLETENESS THIS TELEGRAM POST WILL NOT RPT NOT SUBMIT AIRGRAM CALLED FOR IN A-1665. WE ARE, HOWEVER, MAILING EXTRA SET OF BID DOCUMENTS IMMEDIATELY VIA APO. FINA

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